

Public Service Electric and Gas Company
ATTACHMENT H-10A

Formula Rate -- Appendix A

Notes

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Allocators

Wages & Salary Allocation Factor				
1	Transmission Wages Expense	(Note O)	Attachment 5	20,819,440
2	Total Wages Expense	(Note O)	Attachment 5	168,228,695
3	Less A&G Wages Expense	(Note O)	Attachment 5	9,155,311
4	Total Wages Less A&G Wages Expense		(Line 2 - Line 3)	159,073,383
5	Wages & Salary Allocator		(Line 1 / Line 4)	13.0879%
Plant Allocation Factors				
6	Electric Plant in Service	(Note B)	Attachment 5	7,259,426,691
7	Common Plant in Service - Electric		(Line 22)	46,226,627
8	Total Plant in Service		(Line 6 + 7)	7,305,653,318
9	Accumulated Depreciation (Total Electric Plant)	(Note B & J)	Attachment 5	2,428,721,439
10	Accumulated Intangible Amortization - Electric	(Note B)	Attachment 5	2,972,687
11	Accumulated Common Plant Depreciation & Amortization - Electric	(Note B & J)	Attachment 5	26,521,303
12	Accumulated Common Amortization - Electric	(Note B)	Attachment 5	0
13	Total Accumulated Depreciation		(Line 9 + Line 10 + Line 11 + Line 12)	2,458,215,429
14	Net Plant		(Line 8 - Line 13)	4,847,437,889
15	Transmission Gross Plant		(Line 31)	1,637,717,046
16	Gross Plant Allocator		(Line 15 / Line 8)	22.4171%
17	Transmission Net Plant		(Line 43)	940,955,802
18	Net Plant Allocator		(Line 17 / Line 14)	19.4114%

Plant Calculations

Plant In Service				
19	Transmission Plant In Service	(Note B)	Attachment 5	1,596,655,922
20	General	(Note B)	Attachment 5	235,529,301
21	Intangible - Electric	(Note B)	Attachment 5	3,403,959
22	Common Plant - Electric	(Note B)	Attachment 5	46,226,627
23	Total General, Intangible & Common Plant		(Line 20 + Line 21 + Line 22)	285,159,887
24	Less: General Plant Account 397 -- Communications	(Note B)	Attachment 5	51,151,184
25	Less: Common Plant Account 397 -- Communications	(Note B)	Attachment 5	13,380,990
26	General and Intangible Excluding Acct. 397		(Line 23 - Line 24 - Line 25)	220,627,713
27	Wage & Salary Allocator		(Line 5)	13,0879%
28	General and Intangible Plant Allocated to Transmission		(Line 26 * Line 27)	28,875,639
29	Account No. 397 Directly Assigned to Transmission	(Note B)	Attachment 5	12,185,485
30	Total General and Intangible Functionalized to Transmission		(Line 28 + Line 29)	41,061,123
31	Total Plant In Rate Base		(Line 19 + Line 30)	1,637,717,046
Accumulated Depreciation				
32	Transmission Accumulated Depreciation	(Note B & J)	Attachment 5	679,378,224
33	Accumulated General Depreciation	(Note B & J)	Attachment 5	119,679,157
34	Accumulated Common Plant Depreciation - Electric	(Note B & J)	Attachment 5	26,521,303
35	Less: Amount of General Depreciation Associated with Acct. 397	(Note B & J)	Attachment 5	42,058,322
36	Balance of Accumulated General Depreciation		(Line 33 + Line 34 - Line 35)	104,142,138
37	Accumulated Intangible Amortization - Electric	(Note B)	(Line 10)	2,972,687
38	Accumulated General and Intangible Depreciation Ex. Acct. 397		(Line 36 + 37)	107,114,825
39	Wage & Salary Allocator		(Line 5)	13.0879%
40	Subtotal General and Intangible Accum. Depreciation Allocated to Transmission		(Line 38 * Line 39)	14,019,132
41	Accumulated General Depreciation Associated with Acct. 397 Directly Assigned to Transmission	(Note B & J)	Attachment 5	3,363,888
42	Total Accumulated Depreciation		(Lines 32 + 40 + 41)	696,761,244
43	Total Net Property, Plant & Equipment		(Line 31 - Line 42)	940,955,802

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Adjustment To Rate Base

44	Accumulated Deferred Income Taxes ADIT net of FASB 106 and 109	(Note Q)	Attachment 1	-125,768,936
45	CWIP for Incentive Transmission Projects CWIP Balances for Current Rate Year	(Note B & H)	Attachment 6	4,425,629
46	Plant Held for Future Use	(Note C & Q)	Attachment 5	4,585,252
47	Prepayments	(Note A & Q)	Attachment 5	3,867,022
48	Materials and Supplies Undistributed Stores Expense	(Note Q)	Attachment 5 (Line 5)	0 13,0879%
49	Wage & Salary Allocator		(Line 48 * Line 49)	0
50	Total Undistributed Stores Expense Allocated to Transmission		Attachment 5	2,522,608
51	Transmission Materials & Supplies	(Note N & Q)	(Line 50 + Line 51)	2,522,608
52	Total Materials & Supplies Allocated to Transmission			
53	Cash Working Capital Operation & Maintenance Expense		(Line 80)	75,452,935
54	1/8th Rule		1/8	12.5%
55	Total Cash Working Capital Allocated to Transmission		(Line 53 * Line 54)	9,431,617
56	Network Credits Outstanding Network Credits	(Note N)	Attachment 5	0
57	Total Adjustment to Rate Base		(Lines 44 + 45 + 46 + 47 + 52 + 55 - 56)	-100,936,808
58	Rate Base		(Line 43 + Line 57)	840,018,994
Operations & Maintenance Expense				
59	Transmission O&M	(Note O)	Attachment 5	47,732,902
60	Plus Transmission Lease Payments	(Note O)	Attachment 5	0
61	Transmission O&M		(Lines 59 + 60)	47,732,902
62	Allocated Administrative & General Expenses Total A&G	(Note O)	Attachment 5	222,937,912
63	Plus: Fixed PBOP expense	(Note J)	Attachment 5	77,745,482
64	Less: Actual PBOP expense	(Note O)	Attachment 5	76,065,577
65	Less Property Insurance Account 924	(Note O)	Attachment 5	1,170,000
66	Less Regulatory Commission Exp Account 928	(Note E & O)	Attachment 5	12,791,677
67	Less General Advertising Exp Account 930.1	(Note O)	Attachment 5	5,353,777
68	Less EPRI Dues	(Note D & O)	Attachment 5	0
69	Administrative & General Expenses		Sum (Lines 62 to 63) - Sum (Lines 64 to 68)	205,302,364
70	Wage & Salary Allocator		(Line 5)	13,0879%
71	Administrative & General Expenses Allocated to Transmission		(Line 69 * Line 70)	26,869,865
72	Directly Assigned A&G Regulatory Commission Exp Account 928	(Note G & O)	Attachment 5	623,055
73	General Advertising Exp Account 930.1	(Note K & O)	Attachment 5	0
74	Subtotal - Accounts 928 and 930.1 - Transmission Related		(Line 72 + Line 73)	623,055
75	Property Insurance Account 924		(Line 65)	1,170,000
76	General Advertising Exp Account 930.1	(Note F & O)	Attachment 5	0
77	Total Accounts 928 and 930.1 - General		(Line 75 + Line 76)	1,170,000
78	Net Plant Allocator		(Line 18)	19,4114%
79	A&G Directly Assigned to Transmission		(Line 77 * Line 78)	227,113
80	Total Transmission O&M		(Lines 61 + 71 + 74 + 79)	75,452,935

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Depreciation & Amortization Expense

Depreciation Expense				
81	Transmission Depreciation Expense Including Amortization of Limited Term Plant	(Note J & O)	Attachment 5	36,387,076
82	General Depreciation Expense Including Amortization of Limited Term Plant	(Note J & O)	Attachment 5	23,431,316
83	Less: Amount of General Depreciation Expense Associated with Acct. 397	(Note J & O)	Attachment 5	5,667,526
84	Balance of General Depreciation Expense		(Line 82 - Line 83)	17,763,789
85	Intangible Amortization	(Note A & O)	Attachment 5	1,206,517
86	Total		(Line 84 + Line 85)	18,970,306
87	Wage & Salary Allocator		(Line 5)	13.0879%
88	General Depreciation & Intangible Amortization Allocated to Transmission		(Line 86 * Line 87)	2,482,824
89	General Depreciation Expense for Acct. 397 Directly Assigned to Transmission	(Note J & O)	Attachment 5	1,220,349
90	General Depreciation and Intangible Amortization Functionalized to Transmission		(Line 88 + Line 89)	3,703,172
91	Total Transmission Depreciation & Amortization		(Lines 81 + 90)	40,090,249

Taxes Other than Income Taxes

92	Taxes Other than Income Taxes	(Note O)	Attachment 2	8,522,566
93	Total Taxes Other than Income Taxes		(Line 92)	8,522,566

Return \ Capitalization Calculations

94	Long Term Interest		p117.62.c through 67.c	181,143,275
95	Preferred Dividends	enter positive	p118.29.d	3,987,874
Common Stock				
96	Proprietary Capital		Attachment 5	3,281,616,975
97	Less Accumulated Other Comprehensive Income Account 219	(Note P)	Attachment 5	1,675,720
98	Less Preferred Stock	(Note P)	(Line 106)	79,523,400
99	Less Account 216.1	(Note P)	Attachment 5	3,194,626
100	Common Stock		(Line 96 - 97 - 98 - 99)	3,197,223,229
Capitalization				
101	Long Term Debt	(Note P)	Attachment 5	3,234,090,357
102	Less Loss on Reacquired Debt	(Note P)	Attachment 5	82,189,275
103	Plus Gain on Reacquired Debt	(Note P)	Attachment 5	0
104	Less ADIT associated with Gain or Loss	(Note P)	Attachment 5	30,711,625
105	Total Long Term Debt		(Line 101 - 102 + 103 - 104)	3,121,189,457
106	Preferred Stock	(Note P)	Attachment 5	79,523,400
107	Common Stock		(Line 100)	3,197,223,229
108	Total Capitalization		(Sum Lines 105 to 107)	6,397,936,085
109	Debt %	Total Long Term Debt	(Line 105 / Line 108)	48.78%
110	Preferred %	Preferred Stock	(Line 106 / Line 108)	1.24%
111	Common %	Common Stock	(Line 107 / Line 108)	49.97%
112	Debt Cost	Total Long Term Debt	(Line 94 / Line 105)	0.0580
113	Preferred Cost	Preferred Stock	(Line 95 / Line 106)	0.0501
114	Common Cost	Common Stock	(Note J) Fixed	0.1168
115	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 109 * Line 112)	0.0283
116	Weighted Cost of Preferred	Preferred Stock	(Line 110 * Line 113)	0.0006
117	Weighted Cost of Common	Common Stock	(Line 111 * Line 114)	0.0584
118	Rate of Return on Rate Base (ROR)		(Sum Lines 115 to 117)	0.0873
119	Investment Return = Rate Base * Rate of Return		(Line 58 * Line 118)	73,337,203

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Composite Income Taxes				
Income Tax Rates				
120	FIT=Federal Income Tax Rate	(Note I)		35.00%
121	SIT=State Income Tax Rate or Composite			9.00%
122	p	(percent of federal income tax deductible for state purposes)	Per State Tax Code	0.00%
123	T	$T = 1 - (((1 - SIT) * (1 - FIT)) / (1 - SIT * FIT * p)) =$		40.85%
124	T / (1-T)			69.06%
ITC Adjustment				
125	Amortized Investment Tax Credit	enter negative	(Note O) Attachment 5	-1,414,000
126	1/(1-T)		1 / (1 - Line 123)	169.06%
127	Net Plant Allocation Factor		(Line 18)	19.4114%
128	ITC Adjustment Allocated to Transmission		(Line 125 * Line 126 * Line 127)	-464,036
129	Income Tax Component =	$(T/1-T) * \text{Investment Return} * (1-(WCLTD/ROR)) =$	[Line 124 * Line 119 * (1- (Line 115 / Line 118))]	34,222,798
130	Total Income Taxes		(Line 128 + Line 129)	33,758,762
Revenue Requirement				
Summary				
131	Net Property, Plant & Equipment		(Line 43)	940,955,802
132	Total Adjustment to Rate Base		(Line 57)	-100,936,808
133	Rate Base		(Line 58)	840,018,994
134	Total Transmission O&M		(Line 80)	75,452,935
135	Total Transmission Depreciation & Amortization		(Line 91)	40,090,249
136	Taxes Other than Income		(Line 93)	8,522,566
137	Investment Return		(Line 119)	73,337,203
138	Income Taxes		(Line 130)	33,758,762
139	Gross Revenue Requirement		(Sum Lines 134 to 138)	231,161,715
Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities				
140	Transmission Plant In Service		(Line 19)	1,596,655,922
141	Excluded Transmission Facilities	(Note B & M)	Attachment 5	0
142	Included Transmission Facilities		(Line 140 - Line 141)	1,596,655,922
143	Inclusion Ratio		(Line 142 / Line 140)	100.00%
144	Gross Revenue Requirement		(Line 139)	231,161,715
145	Adjusted Gross Revenue Requirement		(Line 143 * Line 144)	231,161,715
Revenue Credits & Interest on Network Credits				
146	Revenue Credits	(Note O)	Attachment 3	30,533,012
147	Interest on Network Credits	(Note N & O)	Attachment 5	0
148	Net Revenue Requirement		(Line 145 - Line 146 + Line 147)	200,628,703
Net Plant Carrying Charge				
149	Gross Revenue Requirement		(Line 144)	231,161,715
150	Net Transmission Plant		(Line 19 - Line 32)	917,277,698
151	Net Plant Carrying Charge		(Line 149 / Line 150)	25.2008%
152	Net Plant Carrying Charge without Depreciation		(Line 149 - Line 81) / Line 150	21.2340%
153	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes		(Line 149 - Line 81 - Line 119 - Line 130) / Line 150	9.5586%
Net Plant Carrying Charge Calculation per 100 Basis Point increase in ROE				
154	Gross Revenue Requirement Less Return and Taxes		(Line 144 - Line 137 - Line 138)	124,065,750
155	Increased Return and Taxes		Attachment 4	114,192,845
156	Net Revenue Requirement per 100 Basis Point increase in ROE		(Line 154 + Line 155)	238,258,595
157	Net Transmission Plant		(Line 19 - Line 32)	917,277,698
158	Net Plant Carrying Charge per 100 Basis Point increase in ROE		(Line 156 / Line 157)	25.9745%
159	Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation		(Line 156 - Line 81) / Line 157	22.0077%
160	Net Revenue Requirement		(Line 148)	200,628,703
161	True-up amount		Attachment 6	0
162	Plus any increased ROE calculated on Attachment 7 other than PJM Sch. 12 projects not paid by other PJM transmission zones		Attachment 7	42,801
163	Facility Credits under Section 30.9 of the PJM OATT		Attachment 5	0
164	Net Zonal Revenue Requirement		(Line 160 + 161 + 162 + 163)	200,671,504
Network Zonal Service Rate				
165	1 CP Peak	(Note L)	Attachment 5	10,378.7
166	Rate (\$/MW-Year)		(Line 164 / 165)	19,335
167	Network Service Rate (\$/MW/Year)		(Line 166)	19,335

Public Service Electric and Gas Company
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Formula Rate -- Appendix A

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Notes

- A Electric portion only
- B Calculated using 13-month average balances. Beginning year balances are from FERC Form 1.
- C Includes Transmission portion only. At each annual informational filing, Company will identify for each parcel of land an intended use within a 15 year period.
- D Includes all EPRI Annual Membership Dues
- E Includes all Regulatory Commission Expenses
- F Includes Safety related advertising included in Account 930.1
- G Includes Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized in Form 1 at 351.h.
- H CWIP can only be included if authorized by the Commission.
- I The currently effective income tax rate where FIT is the Federal income tax rate; SIT is the State income tax rate, and $p =$ the percentage of federal income tax deductible for state income taxes.
- J ROE will be supported in the original filing and no change in ROE will be made absent a filing at FERC.
PBOP expense is fixed until changed as the result of a filing at FERC.
Depreciation rates shown in Attachment 8 are fixed until changed as the result of a filing at FERC.
If book depreciation rates are different than the Attachment 8 rates, PSE&G will provide workpapers at the annual update to reconcile formula depreciation expense and depreciation accruals to FERC Form 1 amounts.
- K Education and outreach expenses relating to transmission, for example siting or billing
- L As provided for in Section 34.1 of the PJM OATT; the PJM established billing determinants will not be revised or updated in the annual rate reconciliations.
- M Amount of transmission plant excluded from rates per Attachment 5.
- N Outstanding Network Credits is the balance of Network Facilities Upgrades Credits due Transmission Customers who have made lump-sum payments towards the construction of Network Transmission Facilities consistent with Paragraph 657 of Order 2003-A.
Interest on the Network Credits as booked each year is added to the revenue requirement to make the Transmission Owner whole on Line 147.
- O Expenses reflect full year plan
- P The projected capital structure shall reflect the capital structure from the FERC Form 1 data. For all other formula rate calculations, the projected capital structure and actual capital structure shall reflect the capital structure from the most recent FERC Form 1 data available.
Calculated using the average of the prior year and current year balances.
- Q Calculated using beginning and year end projected balances.

Public Service Electric and Gas Company
 ATTACHMENT H -
 Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31, 2008

A	B Total	C Gas Prod Related	D Only Transmission Related	E Plant Related	F Labor Related	G Justification
ADIT-190						
Public Utility Realty Tax (PURT)	1,617,000		1,617,000			Report Taxes for Transmission Switching Stations owned in Pennsylvania
Additional Maintenance Expense	1,348,000	1,348,000				Book estimate accrued expenses, generation related tax
Newark Center Renovations	11,000				11,000	Amort of Renovations of Newark Plaza - General Program
New Jersey Corporate Business Tax (NJCBT)	57,241,000			57,241,000		New Jersey Corporate Income Tax Plant Related - Contra Account of 283 NJCBT
NJCBT - Share Up Basis	188,544,000	188,544,000				New Jersey Corporate Income Tax for Utility - Gets return on but no return of face book vs. tax timing difference
ADIT - Real Estate Taxes	1,816,000			1,816,000		Real related
Gross Receipts & Franchise Tax (GR&FT)	757,000	757,000				Stranded cost recovery - generation related
Market Transition Charge Revenue	18,185,000	18,185,000				Book estimate accrued and expensed, tax deduction when paid - Generation relate
Minor Charging Costs	1,358,000	1,358,000				Asset Retirement Obligation - Legal liability for environmental removal cost
EN 47	138,000	138,000				Asset Retirement Obligation - Legal liability for environmental removal cost
Vacation Pay	3,955,000				3,955,000	Vacation pay earned and expensed for books, tax deduction when paid - employees in all function
CPPE	165,234,000				165,234,000	FASB 106 - Post Retirement Obligation, labor related
Deferred Dividend Equivalents	1,899,000				1,899,000	Book estimate accrued and expensed, tax deduction when paid - employees in all function
Deferred Compensation	753,000				753,000	Book estimate accrued and expensed, tax deduction when paid - employees in all function
ADIT - Intest/AFDC Debt	3,513,000			3,513,000		Capitalized Interest - Book vs. Tax, relates to all fund in all function
ADIT - Unavailable RPP Assets	(654,000)				(654,000)	Book estimate accrued and expensed, tax deduction when paid - employees in all function
ADIT - Legal Fees	637,000	637,000				Book estimate accrued and expensed, tax deduction when paid - employees in all function
ADIT - Rev. of 1985-1993 Settlement	(3,093,000)	(3,093,000)				Book estimate accrued and expensed, tax deduction when paid / audit settlement - Generation relate
ADIT - Interest on Dismantling & Decommissioning	(1,941,000)	(1,941,000)				Book estimate accrued and expensed, tax deduction when paid / audit settlement - Generation relate
ADIT - SETI Disallowance	61,000	61,000				Book estimate accrued and expensed, tax deduction when paid / audit settlement - Robalt relate
Bankruptcy \$-Setc	(184,000)	(184,000)				Book estimate accrued and expensed, tax deduction when paid - Generation relate
Repair Allowance Deferral	(13,969,000)	(13,969,000)				Deferred recovery of bet repair allowance deductions-Relat Relate
Fin Def Energy compellion Act CT	(7,333,000)	(7,333,000)				Book estimate accrued and expensed, tax deduction when paid - Retail - Distribution Meter
Def Tax Meter Equipment	(1,643,000)	(1,643,000)				Book estimate accrued and expensed, tax deduction when paid - Retail - Distribution Meter
Unrealized LG Rabbi Trust	83,000				83,000	Book estimate accrued and expensed, tax deduction when paid for Executive Compensator
Reserve for SECA	(1,053,000)	(1,053,000)				Related to SECA obligations - rate
Estimated Sovereignty Pay Account	215,000				215,000	Book estimate accrued and expensed, tax deduction when paid - employees in all function
Federal Taxes Deferral	18,097,000			18,097,000		FASB 109 - deferred tax asset primarily associated with items previously flowed through due to regulatory
Federal Taxes Current	21,791,000			21,791,000		FASB 109 - deferred tax asset primarily associated with items previously flowed through due to regulatory
Fed Taxes Reg Requirement	16,503,000			16,503,000		FASB 109 - deferred tax asset primarily associated with items previously flowed through due to regulatory
Subtotal - p234	462,156,000	199,872,000	1,617,000	118,961,000	171,706,000	
Less FASB 109 Above if not separately removed	56,391,000			56,391,000		
Less FASB 106 Above if not separately removed	165,234,000				165,234,000	
Total	239,531,000	199,872,000	1,617,000	62,570,000	6,472,000	

ADIT-282
 ADIT-283
 ADIT-199
 Salary & Salary Allocator
 Net Plant Allocator
 End of Year ADIT (From Sheet 14-ADIT (3))
 Average Beginning and End of Year ADIT

Sum Colls. C, D, E Enter as negative Appendix A, line 42.

(127,657,631)
 (123,880,240)
 (125,768,936)

ADIT-282
 ADIT-283
 ADIT-199
 Salary & Salary Allocator
 Net Plant Allocator
 End of Year ADIT (From Sheet 14-ADIT (3))
 Average Beginning and End of Year ADIT

Sum Colls. C, D, E Enter as negative Appendix A, line 42.

(127,657,631)
 (123,880,240)
 (125,768,936)

End of Year ADIT
 End of Previous Year ADIT (Attachment A)
 Average Beginning and End of Year ADIT

Note: ADIT associated with Gain or Loss on Reacquired Debt is included in Column A here and included in Cost of Debt on Appendix A, Line 108
 (28,952,000) - From Acct 283, below

In filing out this attachment, a full and complete description of each item and justification for the allocation to Columns B-F and each separate ADIT item will be listed. Dissimilar items with amounts exceeding \$100,000 will be listed separately.

- Instructions for Account 190:
- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
 - ADIT items related only to Transmission are directly assigned to Column D
 - ADIT items related to Plant and not in Columns C & D are included in Column E
 - ADIT items related to labor and not in Columns C & D are included in Column F
 - Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

Public Service Electric and Gas Company
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Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet

A	B	C	D	E	F	G
	Total	Gas, Prod or Other Related	Only Transmission Related	Plant	Labor	
ADIT 283						
Fin. 48	(8,516,000)	(8,516,000)				Uncertain Tax Provisions - Assets/(Liabilities) not in rates
Securitization Regulatory Asset	783,496,000	783,496,000				Generation Related (Securitization of Stranded Costs)
Securitization - Federal	(1,292,308,000)	(1,292,308,000)				Generation Related (Securitization of Stranded Costs)
Securitization - State	(385,173,000)	(385,173,000)				Generation Related (Securitization of Stranded Costs)
Amortization of Hope Creek License Costs	(649,000)	(649,000)				Book vs Tax Difference - Generation Related
Environmental Cleanup Costs	22,302,000	22,302,000				Book estimate accrued and expensed, tax deduction when paid - Manufactured Gas Plant
Company-Owned Life Insurance (COLI)	(3,744,000)	(3,744,000)		(78,715,000)		Related to Uncertain Tax Position (FIN 48) which will be reclassified and not in rates
New Jersey Corporation Business Tax	(78,715,000)					New Jersey Corporate Income Tax - Plant Related- Contra Account of 190 NJCET
Obsolete Material Write Off	5,752,000	5,752,000				Book accrued with-out tax deduction when actually disposed of - Generation Related
Fuel Cost Adjustment	(33,192,000)	(33,192,000)				Book deferral of Undermeasured Fuel Costs - Retail Related
Accelerated Activity Pay	(13,261,000)	(13,261,000)				Deferred Side Management and Associated Programs - Retail Related
Take-or-Pay Costs	914,000	914,000				Gas Supply Contracts
Other Contract Cancellations	(7,905,000)	(7,905,000)				Generation Related (Non-Utility Asset) Liability
Other Computer Software	(3,554,000)		(3,554,000)			Accelerated Amortization of Computer Software - General Pay
Loss on Reacquired Debt	(28,952,000)		(28,952,000)			Tax deduction when reacquired, booked amortizes to expense
Additional Pension Deduction	(50,272,000)	(50,272,000)				Associated with Pension Liability, not in rates
Amortization of Peach Bottom HMC	(690,000)	(690,000)				Generation Related (Non-Utility Asset) Liability
Radioactive Waste Storage Costs	(1,093,000)	(1,093,000)				Generation Related (Non-Utility Asset) Liability
Severance Pay Costs	(4,908,000)		(4,908,000)			Book estimate accrued and expensed, tax deduction when paid related to all employee
Reguar Allowance-Revenue Amortizer	(3,447,000)	(3,447,000)				Retail Related - Electric Distribution
Public Utility Ready Tax Assessment (PURPA)	(1,781,000)		(1,781,000)			Property Taxes for Transmission Switching Stations owned in Pennsylvania
Federal Excise Tax Fuel Refunds	(137,000)		(137,000)			Vehicle Fuel Tax - General
Decommissioning and Decommissioning Costs	12,199,000	12,199,000				Payments to DOE - Generation Related
Emission Allowance Sales	2,868,000	2,868,000				Sales of Emission Allowances - Generation Related
Interest Expense Adjustment	(2,002,000)	(2,002,000)				Generation Related (Non-Utility Asset) Liability
Capitalization of Study Costs	(2,010,000)	(2,010,000)				Generation Related (Non-Utility Asset) Liability
Budget Billing - Audit Settlement	-	-				Old Unbilled Revenue Issue - Retail Related
Lightfoot Agreement - Audit Settlement	124,000	124,000				Generation Related (Non-Utility Asset) Liability
Mescalero Radioactive Waste Storage Costs	158,000	158,000				Fuel Oxydes - Electric Distribution - Retail Related
Sale of Gas Option	1,344,000	1,344,000				Generation Related (Non-Utility Asset) Liability
Vacation Pay Adjustment	(4,000)	(4,000)			(4,000)	Book amortization expensed, tax deduction when occurred - Retail Related - distribution proper
Purchase Power - Audit Settlement	724,000	724,000				Book estimate accrued and expensed, tax deduction when paid related to all employee
Coal Oil Refunds	1,570,000	1,570,000				Purchased Power Settlements - Generation Related
Peach Bottom Inerts Fuel Storage	(852,000)	(852,000)				Generation Related (Non-Utility Asset) Liability
New Network Metering Equipment	(202,000)	(202,000)				Interim Nuclear Fuel Storage Costs - Generation Related
Accounting for Income Taxes (FAS 109) - Folders	(3,530,000)		(3,530,000)			New Upgrade Meter Equipments - Retail Related - Distribution Meter
Accounting for Income Taxes (FAS 109) - S&B	(201,943,000)		(201,943,000)			FASB 109 - deferred tax liability primarily non-plant related items previously flowed through due to regulation
Accounting for Income Taxes (FAS 109) - Regulatory Requirement	(1,336,455,000)		(1,336,455,000)			FASB 109 - deferred tax liability primarily non-plant related items previously flowed through due to regulation
Subtotal - p277	(244,579,000)	(244,579,000)	(1,781,000)	(24,579,000)	(6,603,000)	FASB 109 - gross-up
Less FASB 109 Above if not separately removed		(973,825,000)	(1,781,000)	(352,246,000)		
Less FASB 108 Above if not separately removed						
Total	(1,991,876,000)	(973,825,000)	(1,781,000)	(107,667,000)	(6,603,000)	(6,603,000)

Instructions for Account 283:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant and not in Columns C & D are included in Column E
- ADIT items related to labor and not in Columns C & D are included in Column F
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

Public Service Electric and Gas Company
 ATTACHMENT H-10A
 Attachment 1A - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31, 2007

ADIT - 212
 ADIT - 281
 ADIT - 282
 ADIT - 199
 Subtotal - Safety Allocator
 Net Plant Allocator
 End of Year ADIT

From Acct. 212 (add below)
 From Acct. 281 (add below)
 From Acct. 282 (add below)
 From Acct. 199 (add below)
 Sum Cols. C, D, E: Enter as negative Appendix A, line 42.

Note: ADIT associated with Gain or Loss on Reacquired Debt is included in Column A here and included in Costs of Debt on Appendix A, Line 108
 (30,140,283) < From Acct 283, below

In filing out this attachment, a full and complete description of each item and justification for the allocation to Columns B-F and each separate ADIT item will be listed.
 Similar items with amounts exceeding \$10,000 will be listed separately.

ADIT-199	B					G
	Total	C Gas, Prod Or Other Related	D Only Transmission Related	E Plant Related	F Labor Related	
Public Utility Realty Tax (PURT)	1,617,015		1,617,015			Property Taxes for Transmission Switching Stations owned in Pennsylvania
Additional Maintenance Expense	1,348,125	1,348,125				Book estimate accrued expenses, generation related tax
Newark Central Renovations	10,804				10,804	Amount of Renovations of Newark Plaza - General Property
New Jersey Corporate Business Tax (NJCBT)	44,682,695			44,682,695		New Jersey Corporate Income Tax Plant Related- Contra Account of 283 NJCBT
NJCBT - Step Up Basis	177,414,823	177,414,823				New Jersey Corporate Income Tax for Utility - Gets return on but no return of prior book vs tax timing difference
ADIT - Real Estate Taxes	1,816,069			1,816,069		Book estimate accrued and expensed, tax deduction when paid - related to plant
Gross Receipts & Franchise Tax (GRAFT)	756,443	756,443				Retail related
Market Transition Charge Revenue	18,185,386	18,185,386				Stranded cost recovery - generation relate
Misc Closing Costs	1,357,694	1,357,694				Book estimate accrued and expensed, tax deduction when paid - Generation relate
EN 47	138,290	138,290				Asset Retirement Obligation - Legal liability for environmental removal cost
Vacation Pw	3,855,289				3,855,289	Vacation tax earned and expensed for books, tax deduction when paid - employees in all function
OPFB	153,797,990				153,797,990	FASB 109 - Post Retirement Obligation, labor related
Deferred Dividend Equivalents	1,956,971				1,956,971	Book account of dividends on employee stock options affecting all function
Deferred Compensation	752,789				752,789	Book estimate accrued and expensed, tax deduction when paid - employees in all function
ADIT - Interest/APDC Day	4,004,600			4,004,600		Capitalized Interest - Book vs Tax relates to all plant in all functions
ADIT - Unallowable PIP Accrua	603,783				603,783	Book estimate accrued and expensed, tax deduction when paid - employees in all function
ADIT - Legal Fees	637,144	637,144				Book estimate accrued and expensed, tax deduction when paid - employees in all function
ADIT - Rev. of 1985-1993 Sells Int Exp	(3,092,630)	(3,092,630)				Book estimate accrued and expensed, tax deduction when paid / audit settlement - Generation relate
ADIT - Interest on Diminished & Decommissioning	(1,940,681)	(1,940,681)				Book estimate accrued and expensed, tax deduction when paid / audit settlement - Generation relate
ADIT - SEI Disposition	60,619	60,619				Book estimate accrued and expensed, tax deduction when paid / audit settlement - Retail relate
Bankruptcies & Adc	(183,915)	(183,915)				Book estimate accrued and expensed, tax deduction when paid - Generation Relate
Repair Allowance Deferral	(19,815,926)	(19,815,926)				Deferred recovery of cost repair allowance deductions-Retail Relate
Fin Def. Energy competition Act CT	(8,813,462)	(8,813,462)				Restructuring Costs - Generation relate
Def Tax Meter Equipment	(1,643,268)	(1,643,268)				Book estimate accrued and expensed, tax deduction when paid - Retail - Distribution Meter
Unrealized LG Rabbi Trust	83,240				83,240	Book estimate accrued and expensed, tax deduction when paid for Executive Compensation
Reserve for SECs	(1,092,719)	(1,092,719)				Related to SEC obligations -retail
Estimated Severance Pw Accruals	215,161				215,161	Book estimate accrued and expensed, tax deduction when paid - employees in all function
Federal Taxes Deferral	18,066,500			18,066,500		FASB 109 - deferred tax asset primarily associated with items previously flowed through due to regulatory
Federal Taxes Current	21,791,062			21,791,062		FASB 109 - deferred tax asset primarily associated with items previously flowed through due to regulatory
Fed Taxes Reg Requirement	16,592,639			16,592,639		FASB 109 - deferred tax asset primarily associated with items previously flowed through due to regulatory
Subtotal - 224	433,116,963	164,356,623	1,617,015	108,673,684	160,270,441	
Less FASB 109 Above If not separately removed	56,390,401			56,390,401		
Less FASB 108 Above If not separately removed	153,797,990				153,797,990	
Total	222,928,572	164,356,623	1,617,015	50,483,283	6,472,451	

Instructions for Account 199:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
 - ADIT items related only to Transmission are directly assigned to Column D
 - ADIT items related to Plant and not in Columns C & D are included in Column E
 - ADIT items related to labor and not in Columns C & D are included in Column F
5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

Public Service Electric and Gas Company
ATTACHMENT H-10A

Attachment 1A - Accumulated Deferred Income Taxes (ADIT) Worksheet

A	B	C	D	E	F	G
	Total	Gas, Prod or Other Related	Only Transmission Related	Plant	Labor	
Fin. 48	(8,515,742)	(8,515,742)				
Securitization Regulatory Allow	656,603,121	656,603,121				Uncertain Tax Positions - Assets/(Liabilities) not in rates
Securitization - Federal	(1,292,307,692)	(1,292,307,692)				Generation Related (Securitization of Stranded Costs)
Securitization - State	(365,173,288)	(365,173,288)				Generation Related (Securitization of Stranded Costs)
Amortization of Hope Creek License Cost	(649,571)	(649,571)				Book vs Tax Difference - Generation Related
Environmental Cleanup Costs	27,029,184	27,029,184				Book estimate accrued and expensed, tax deduction when paid - Manufactured Gas Plant
Company Owned Life Insurance (COLI)	(3,746,327)	(3,746,327)				Related to Uncertain Tax Position (FIN 48), which will be reassessed and not in rates
New Jersey Corporation Business Tax	(77,418,740)			(77,418,740)		New Jersey Corporate Income Tax - Plant Related- Contra Account of 190 NJCST
Obsolete Material Write Off	5,751,926	5,751,926				Book deferral of Unblended Fuel Costs - Retail Related
Fuel Cost Adjustment	(33,236,691)	(33,236,691)				Book deferral of Unblended Fuel Costs - Retail Related
Accelerated Activity Plan	(18,479,268)	(18,479,268)				Demand Side management and Associated Programs - Retail Related
Take-or-Pay Costs	913,793	913,793				Gas Supply Contracts
Other Contract Conditions	(7,894,692)	(7,894,692)				Generation Related (Non-Utility Asset/Liability)
Other Computer Software	(3,685,900)				(3,685,900)	Accelerated Amortization of Computer Software - General Plar
Loss on Reacquired Debt	(30,140,293)		(30,140,293)			Tax deduction when reacquired, booked amortizes to expense
Additional Pension Deduction	(49,483,691)	(49,483,691)				Associated with Pension Liability not in rates
Amortization of Peach Bottom HWC	(688,765)	(688,765)				Generation Related (Non-Utility Asset/Liability)
Radioactive Waste Storage Costs	(1,092,677)	(1,092,677)				Generation Related (Non-Utility Asset/Liability)
Swanston Pw. Costs	(4,908,169)				(4,908,169)	Book estimate accrued and expensed, tax deduction when paid related to all employees
Retail Allowance-Reverse Amortizer	(3,446,627)					Retail Related - Electric Distribution
Public Utility Realty Tax Assessment (PURPA)	(1,781,312)		(1,781,312)			Property Taxes for Transmission Switching Stations owned in Pennsylvania
Federal Excise Tax Fuel Refunds	(137,133)				(137,133)	Vehicle Fuel Tax - Genera
Decommissioning and Decommission Costs	12,198,516	12,198,516				Payments to DOE - Generation Related
Emission Allowance Sales	2,868,153	2,868,153				Sales of Emission Allowances - Generation Related
Interest Expense Adjustment	(2,001,557)	(2,001,557)				Generation Related (Non-Utility Asset/Liability)
Capitalization of Study Costs	(2,009,966)	(2,009,966)				Generation Related (Non-Utility Asset/Liability)
Budget Billing - Audit Settlement	6	6				Old Unbilled Revenue Issue - Retail Related
Litigated Agreement - Audit Settlement	123,968	123,968				Fair Opies - Electric Distribution - Retail Related
Mescalero Radioactive Waste Storage Cost	156,378	156,378				Generation Related (Non-Utility Asset/Liability)
State of Calif Order	(905,959)	(905,959)				Book amortization expensed, tax deduction when occurred - Retail Related - distribution prout
Violation Pw Adjustment	(3,653)				(3,653)	Book estimate accrued and expensed, tax deduction when paid relating to all employees
Purchased Power - Audit Settlement	724,038	724,038				Purchased Power Settlements - Generation Related
Chiefs Oil Refunds	1,670,058	1,670,058				Generation Related (Non-Utility Asset/Liability)
Loss of Union County Utility Authority	15	15				Interim Nuclear Fuel Storage Costs - Generation Related
Peach Bottom Interim Fuel Storage	(862,372)	(862,372)				New Upgraded Meter Equipments - Retail Related - Distribution Meter
New Network Metering Equipment	(201,674)	(201,674)				FASB 109 - deferred tax liability primarily non-current related items previously bowed through due to capitalfo
Accounting for Income Taxes (FAS 109) - Folders	(39,105,907)			(39,105,907)		FASB 109 - deferred tax liability primarily non-current related items previously bowed through due to capitalfo
Accounting for Income Taxes (FAS 109) - State	(3,529,662)			(3,529,662)		FASB 109 - deferred tax liability primarily non-current related items previously bowed through due to capitalfo
Accounting for Income Taxes (FAS 109) - Regulatory Requirement	(201,943,033)			(201,943,033)		FASB 109 - profit-sup
Subtotal - p277	(1,442,410,053)	(1,442,410,053)	(1,781,312)	(8,714,864)		
Less FASB 109 Above If not separately removed	(24,578,602)			(24,578,602)		
Less FASB 109 Above If not separately removed	-					
Total	(1,37,831,451)	(1,079,256,421)	(1,781,312)	(107,859,653)		(8,714,864)

Inclusions for Account 281:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant and not in Columns C & D are included in Column E
- ADIT items related to labor and not in Columns C & D are included in Column F
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

Public Service Electric and Gas Company
 ATTACHMENT H-10A
 Attachment 2 - Taxes Other Than Income Worksheet

		Page 263		Allocated
Other Taxes		Col (j)	Allocator	Amount
Plant Related				
1	Real Estate	16,896,000		
2	Total Plant Related	16,896,000	N/A	6,876,000
Attachment #5				
Labor Related				
Wages & Salary Allocator				
3	FICA	11,252,428		
4	Federal Unemployment Tax	254,058		
5	New Jersey Unemployment Tax	542,547		
6	New Jersey Workforce Development	531,750		
7				
8	Total Labor Related	12,580,782	13.0879%	1,646,566
Other Included				
Net Plant Allocator				
9				
10				
11				
12				
13	Total Other Included	0	19.4114%	0
14	Total Included (Lines 8 + 14 + 19)	29,476,782		8,522,566
Currently Excluded				
15	Corporate Business Tax			
16	TEFA	95,830,734		
17	Use & Sales Tax			
18	Local Franchise Tax			
19	PA Corporate Income Tax			
20	Municipal Utility			
21	Public Utility Fund			
22	Subtotal, Excluded	95,830,734		
23	Total, Included and Excluded (Line 20 + Line 28)	125,307,516		
24	Total Other Taxes from p114.14.g - Plan	125,307,516		
25	Difference (Line 29 - Line 30)		(0)	

Criteria for Allocation:

- A Other taxes that are incurred through ownership of plant including transmission plant will be allocated based on the Net Plant Allocator. If the taxes are 100% recovered at retail they shall not be included. Real Estate taxes are directly assigned to Transmission.
- B Other taxes that are incurred through ownership of only general or intangible plant will be allocated based on the Wages and Salary Allocator. If the taxes are 100% recovered at retail they shall not be included.
- C Other taxes that are assessed based on labor will be allocated based on the Wages and Salary Allocator.
- D Other taxes except as provided for in A, B and C above, that are incurred and (1) are not fully recovered at retail or (2) are directly or indirectly related to transmission service will be allocated based on the Net Plant Allocator; provided, however, that overheads shall be treated as in footnote B above.
- E Excludes prior period adjustments in the first year of the formula's operation and reconciliation for the first year.

Public Service Electric and Gas Company
ATTACHMENT H-10A
Attachment 3 - Revenue Credit Workpaper

Accounts 450 & 451

1 Late Payment Penalties Allocated to Transmission		0
Account 454 - Rent from Electric Property		
2 Rent from Electric Property - Transmission Related (Note 2)		516,000
Account 456 - Other Electric Revenues		
3 Transmission for Others		0
4 Schedule 1A		5,199,605
5 Net revenues associated with Network Integration Transmission Service (NITS) for which the load is not included in the divisor (difference between NITS credits from PJM and PJM NITS charges paid by Transmission Owner)		0
6 Point to Point Service revenues for which the load is not included in the divisor received by Transmission Owner		2,000,000
7 Professional Services (Note 2)		100,000
8 Revenues from Directly Assigned Transmission Facility Charges (Note 1)		22,116,100
9 Rent or Attachment Fees associated with Transmission Facilities (Note 2)		3,500,000
		0
10 Gross Revenue Credits	(Sum Lines 1-9)	<u>33,431,705</u>
11 Less line 18	- line 18	<u>(2,898,693)</u>
12 Total Revenue Credits	line 10 + line 11	<u><u>30,533,012</u></u>

13 Revenues associated with lines 2, 7, and 9 (Note 2)	4,116,000
14 Income Taxes associated with revenues in line 13	1,681,386
15 One half margin (line 13 - line 14)/2	1,217,307
16 All expenses (other than income taxes) associated with revenues in line 13 that are included in FERC accounts recovered through the formula times the allocator used to functionalize the amounts in the FERC account to the transmission service at issue.	-
17 Line 15 plus line 16	1,217,307
18 Line 13 less line 17	2,898,693

Note 1 If the costs associated with the Directly Assigned Transmission Facility Charges are included in the Rates, the associated revenues are included in the Rates. If the costs associated with the Directly Assigned Transmission Facility Charges are not included in the Rates, the associated revenues are not included in the Rates.

Note 2 Ratemaking treatment for the following specified secondary uses of transmission assets: (1) right-of-way leases and leases for space on transmission facilities for telecommunications; (2) transmission tower licenses for wireless antennas; (3) right-of-way property leases for farming, grazing or nurseries; (4) licenses of intellectual property (including a portable oil degasification process and scheduling software); and (5) transmission maintenance and consulting services (including energized circuit maintenance, high-voltage substation maintenance, safety training, transformer oil testing, and circuit breaker testing) to other utilities and large customers (collectively, products). PSE&G will retain 50% of net revenues consistent with Pacific Gas and Electric Company, 90 FERC ¶ 61,314. Note: in order to use lines 13-18, the utility must track in separate subaccounts the revenues and costs associated with each secondary use (except for the cost of the associated income taxes).

Public Service Electric and Gas Company
 ATTACHMENT H-10A
 Attachment 4 - Calculation of 100 Basis Point Increase in ROE

A	Return and Taxes with 100 Basis Point increase in ROE		
	100 Basis Point increase in ROE and Income Taxes	Line 27 + Line 42 from below	114,192,845
B	100 Basis Point increase in ROE		1.00%

Return Calculation

		Appendix A Line or Source Reference	
1	Rate Base	(Line 43 + Line 57)	840,018,994
2	Long Term Interest	p117.62.c through 67.c	181,143,275
3	Preferred Dividends	enter positive	3,987,874
Common Stock			
4	Proprietary Capital	Attachment 5	3,281,616,975
5	Less Accumulated Other Comprehensive Income Account 219	p112.15.c	1,675,720
6	Less Preferred Stock	(Line 106)	79,523,400
7	Less Account 216.1	Attachment 5	3,194,626
8	Common Stock	(Line 96 - 97 - 98 - 99)	3,197,223,229
Capitalization			
9	Long Term Debt	Attachment 5	3,234,090,357
10	Less Loss on Reacquired Debt	Attachment 5	82,189,275
11	Plus Gain on Reacquired Debt	Attachment 5	0
12	Less ADIT associated with Gain or Loss	Attachment 5	30,711,625
13	Total Long Term Debt	(Line 101 - 102 + 103 - 104)	3,121,189,457
14	Preferred Stock	Attachment 5	79,523,400
15	Common Stock	(Line 100)	3,197,223,229
16	Total Capitalization	(Sum Lines 105 to 107)	6,397,936,085
17	Debt %	Total Long Term Debt	(Line 105 / Line 108) 48.8%
18	Preferred %	Preferred Stock	(Line 106 / Line 108) 1.2%
19	Common %	Common Stock	(Line 107 / Line 108) 50.0%
20	Debt Cost	Total Long Term Debt	(Line 94 / Line 105) 0.0580
21	Preferred Cost	Preferred Stock	(Line 95 / Line 106) 0.0501
22	Common Cost	Common Stock	(Line 114 + 100 basis points) 0.1268
23	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 109 * Line 112) 0.0283
24	Weighted Cost of Preferred	Preferred Stock	(Line 110 * Line 113) 0.0006
25	Weighted Cost of Common	Common Stock	(Line 111 * Line 114) 0.0634
26	Rate of Return on Rate Base (ROR)	(Sum Lines 115 to 117)	0.0923
27	Investment Return = Rate Base * Rate of Return	(Line 58 * Line 118)	77,535,008

Composite Income Taxes

Income Tax Rates			
28	FIT=Federal Income Tax Rate		35.00%
29	SIT=State Income Tax Rate or Composite		9.00%
30	p = percent of federal income tax deductible for state purposes	Per State Tax Code	0.00%
31	T	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$	40.85%
35	CIT = T / (1-T)		69.06%
36	1 / (1-T)		169.06%
ITC Adjustment			
37	Amortized Investment Tax Credit	enter negative	Attachment 5 -1,414,000
38	1/(1-T)		1 / (1 - Line 123) 169%
39	Net Plant Allocation Factor		(Line 18) 19.4114%
40	ITC Adjustment Allocated to Transmission	(Line 125 * Line 126 * Line 127)	-464,036
41	Income Tax Component =	CIT=(T/(1-T) * Investment Return * (1-(WCLTD/R)) =	37,121,873
42	Total Income Taxes		36,657,837

Public Service Electric and Gas Company
ATTACHMENT H-10A
Attachment 5 - Cost Support

Line #	Descriptions	Page #s & Instructions	Notes	Amount
62	Total A&G Expenses	p323.197b		222,937,912
63	Fixed P&OP expense	Note J)	Company Records	77,745,482
64	Actual P&OP expense	Note O)	Company Records	79,095,577

Line #	Descriptions	Page #s & Instructions	Notes	End of Year	Transmission Related
Regulatory Expense Related to Transmission Cost Support					
Allocated General & Common Expenses					
66	Regulatory Commission Exp Account 028	p323.189b	(Note E & O)	12,791,677	
Directly Assigned A&G					
72	Regulatory Commission Exp Account 028	p331.46th	(Note G & O)	620,056	623,056

Line #	Descriptions	Page #s & Instructions	Notes	End of Year	EPRI Dues
General & Common Expenses					
68	Less EPRI Dues	p332.353	(Note D & O)	3,462,832	

Line #	Descriptions	Page #s & Instructions	Notes	End of Year	Safety Related	Non-safety Related
Safety Related Advertising Cost Support						
73	Directly Assigned A&G	p323.191b	(Note K & O)	5,353,777		5,353,777

Line #	Descriptions	Page #s & Instructions	Notes	End of Year	Education & Outreach	Other
Education and Out Reach Cost Support						
76	Directly Assigned A&G	p323.191b	(Note K & O)	5,353,777		5,353,777

Line #	Descriptions	Page #s & Instructions	Notes	End of Year
Depreciation Expense				
81	Depreciation Expense			36,367,276
82	Depreciation-General & Common	p338.7	(Note J & O)	23,437,316
83	Depreciation-Intangible	p338.1031.1f	(Note J & O)	1,208,517
89	Transmission Depreciation Expense for Acct. 387	p338.1f	(Note A & O)	1,236,443

Line #	Descriptions	Page #s & Instructions	Notes	End of Year	Transmission Related	Non-Transmission Related
Direct Assignment of Transmission Real Estate Taxes						
88	Real Estate Taxes - Directly Assigned to Transmission	p0336		16,696,000	6,676,000	10,020,000

Line #	Descriptions	Page #s & Instructions	Notes	2008 End of Year	2009 End of Year	Average
Return on Capitalization						
96	Proprietary Capital	p112.15.c.d	(Note P)	3,193,258,766	3,369,975,183	3,281,616,975
97	Accumulated Other Comprehensive Income Account 219	p112.15.c.d	(Note P)	852,423	2,495,017	1,675,720
99	Account 219	p112.15.c.d	(Note P)	2,340,443	2,874,966	2,607,704
100	Loss on Reacquired Debt	p112.15.c.d	(Note P)	3,115,663,594	3,362,517,129	3,239,100,362
102	Gain on Reacquired Debt	p111.81.c.d	(Note P)	84,699,077	79,699,473	82,199,275
103	Gain on Reacquired Debt	p113.61.c.d	(Note P)	0	0	0
104	ADP associated with Gain on Loss on Reacquired Debt	p277.3.c.(footnote)	(Note P)	31,262,997	30,140,293	30,711,625
106	Preferred Stock	p112.15.c.d	(Note P)	79,523,400	79,523,400	79,523,400

Line #	Descriptions	Page #s & Instructions	Notes	State 1	State 2	State 3
MultiState Worksheet						
Income Tax Rates						

REGCO real estate tax details in an access database which contains a list of the town REGCO pays taxes to, which is broken down quarterly basis for various periods of property classification. Every parcel is associated with a Loc. Block number. Thereof, Loc. & Block are identified as particular types of property and are labeled. This is the breakdown of transmission real estate taxes from loc electric.

**Public Service Electric and Gas Company
ATTACHMENT H-10A
Attachment 6 - True-up Adjustment for Network Integration Transmission Service**

The True-Up Adjustment component of the Formula Rate for each Rate Year beginning with 2010 shall be determined as follows:

- (i) Beginning with 2009, no later than June 15 of each year PSE&G shall recalculate an adjusted Annual Transmission Revenue Requirement for the previous calendar year based on its actual costs as reflected in its Form No. 1 and its books and records for that calendar year, consistent with FERC accounting policies.²
- (ii) PSE&G shall determine the difference between the recalculated Annual Transmission Revenue Requirement as determined in paragraph (i) above, and ATRR based on projected costs for the previous calendar year (True-Up Adjustment Before Interest).
- (iii) The True-Up Adjustment shall be determined as follows:

True-Up Adjustment equals the True-Up Adjustment Before Interest multiplied by $(1+i)^{24}$ months

Where: $i =$ Sum of (the monthly rates for the 10 months ending October 31 of the current year and the monthly rates for the 12 months ending December 31 of the preceding year) divided by 21 months.

Summary of Formula Rate Process including True-Up Adjustment

Month	Year	Action
July	2008	TO populates the formula with Year 2008 estimated data
October	2008	TO populates the formula with Year 2009 estimated data
June	2009	TO populates the formula with Year 2008 actual data and calculates the 2008 True-Up Adjustment Before Interest
October	2009	TO calculates the Interest to include in the 2008 True-Up Adjustment
October	2009	TO populates the formula with Year 2010 estimated data and 2008 True-Up Adjustment
June	2010	TO populates the formula with Year 2009 actual data and calculates the 2009 True-Up Adjustment Before Interest
October	2010	TO calculates the Interest to include in the 2009 True-Up Adjustment
October	2010	TO populates the formula with Year 2011 estimated data and 2009 True-Up Adjustment
June	(Year)	TO populates the formula with (Year -1) actual data and calculates the (Year-1) True-Up Adjustment Before Interest
October	(Year)	TO calculates the Interest to include in the (Year-1) True-Up Adjustment
October	(Year)	TO populates the formula with (Year +1) estimated data and (Year-1) True-Up Adjustment

¹ - No True-Up Adjustment will be included in the Annual Transmission Revenue Requirement for 2008 or 2009 since the Formula Rate was not in effect for 2006 or 2007.

² - To the extent possible each input to the Formula Rate used to calculate the actual Annual Transmission Revenue Requirement included in the True-Up Adjustment either will be taken directly from the FERC Form No. 1 or will be reconcilable to the FERC Form 1 by the application of clearly identified and supported information. If the reconciliator is provided through a worksheet included in the filed Formula Rate template, the inputs to the worksheet must meet this transparency standard, and doing so will satisfy this transparency requirement for the amounts that are output from the worksheet and input to the main body of the Formula Rate.

Calendar Year Complete for Each Calendar Year beginning in 2009

- A ATRR based on actual costs included for the previous calendar year but excludes the true-up adjustment.
- B ATRR based on projected costs included for the previous calendar year but excludes the true-up adjustment.
- C Difference (A-B)
- D Future Value Factor $(1+i)^{24}$
- E True-up Adjustment (C*D)

0 <Note: for the first rate year, divide this
1.00000 reconciliation amount by 12 and multiply
0 by the number of months and fractional
months the rate was in effect.

Where:
 $i =$ average interest rate as calculated below

Interest on Amount of Refunds or Surcharges		Interest 35.19a for	
Month	Yr	Month	Month
January	Year 1	January	0.0000%
February	Year 1	February	0.0000%
March	Year 1	March	0.0000%
April	Year 1	April	0.0000%
May	Year 1	May	0.0000%
June	Year 1	June	0.0000%
July	Year 1	July	0.0000%
August	Year 1	August	0.0000%
September	Year 1	September	0.0000%
October	Year 1	October	0.0000%
November	Year 1	November	0.0000%
December	Year 1	December	0.0000%
January	Year 2	January	0.0000%
February	Year 2	February	0.0000%
March	Year 2	March	0.0000%
April	Year 2	April	0.0000%
May	Year 2	May	0.0000%
June	Year 2	June	0.0000%
July	Year 2	July	0.0000%
August	Year 2	August	0.0000%
September	Year 2	September	0.0000%
Average Interest Rate			0.0000%

Public Service Electric and Gas Company
 ATTACHMENT H-10A
 Attachment 6A - Project Specific Estimate and Reconciliation Worksheet

Estimated Additions									
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
Other Projects PIS (Monthly additions)	New Freedom Loop (monthly additions)	(in service)	(in service)	(in service)	(in service)	(in service)	Susquehanna Roseland >= 500KV (monthly additions) CWIP	Susquehanna Roseland < 500KV (monthly additions) CWIP	
Dec	2,832,531	-	-	-	-	-	1,424,029	-	-
Jan	4,240,276	-	-	-	-	-	334,735	-	-
Feb	7,452,764	-	-	-	-	-	326,173	-	-
Mar	4,944,260	-	-	-	-	-	327,141	-	-
Apr	3,803,244	-	-	-	-	-	343,222	-	-
May	49,647,836	-	-	-	-	-	385,209	-	-
Jun	1,476,092	400,000	-	-	-	-	366,663	-	-
Jul	1,897,351	800,000	-	-	-	-	777,046	-	-
Aug	1,384,985	800,000	-	-	-	-	783,002	-	-
Sep	1,452,572	800,000	-	-	-	-	1,026,547	-	-
Oct	4,108,707	17,000,000	-	-	-	-	1,094,769	-	-
Nov	1,201,381	-	-	-	-	-	1,186,226	-	-
Dec	84,451,018	19,400,000	-	-	-	-	1,186,625	-	-
Total									9,540,621

(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)
Other Projects PIS (monthly balances)	New Freedom Loop (monthly balance)	(in service)	(in service)	(in service)	(in service)	(in service)	Susquehanna Roseland >= 500KV (monthly balances) CWIP	Susquehanna Roseland < 500KV (monthly balances) CWIP
Dec	2,832,531	-	-	-	-	-	1,424,029	-
Jan	7,081,806	-	-	-	-	-	1,758,764	-
Feb	14,534,570	-	-	-	-	-	2,093,638	-
Mar	19,478,850	-	-	-	-	-	2,431,879	-
Apr	23,282,094	-	-	-	-	-	2,774,361	-
May	72,929,950	-	-	-	-	-	3,486,334	-
Jun	74,406,022	400,000	-	-	-	-	4,263,360	-
Jul	76,303,373	1,200,000	-	-	-	-	5,046,362	-
Aug	77,688,358	2,000,000	-	-	-	-	6,072,929	-
Sep	79,140,930	2,400,000	-	-	-	-	7,167,698	-
Oct	83,249,637	19,400,000	-	-	-	-	8,353,996	-
Nov	84,451,018	19,400,000	-	-	-	-	9,540,621	-
Dec	615,379,117	46,000,000	-	-	-	-	57,533,182	-
Total								
Average 13 Month Balance	47,336,855	3,538,462	-	-	-	-	-	-
Average 13 Month in 13 Month	7.29	2.37	-	-	-	-	6.03	-
Average CWIP to Appendix A, line 45								4,425,629

Estimated Transmission Enhancement Charges						
Total Projects	Branchburg (B0130)	Kiliany (B0134)	Essex-Aldene (B0145)	New Freedom Trans. (B0411)	New Freedom Loop (B0498)	Susquehanna Roseland (B0489) < 500KV CWIP
34,024,269.57	4,656,003.06	2,049,216.84	20,360,163.49	5,737,389.35	818,968.44	892,538.39

Attachment 6A - Project Specific Estimate and Reconciliation Worksheet

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
	Actual Additions								
	Other Projects PIS (Monthly additions)	New Freedom Loop (month balance)	(in service)	(in service)	(in service)	(in service)	(in service)	CWIP	CWIP
Dec									
Jan									
Feb									
Mar									
Apr									
May									
Jun									
Jul									
Aug									
Sep									
Oct									
Nov									
Dec									
Total									

	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)
	Other Projects PIS (monthly balances)	New Freedom Loop (monthly balance)	(in service)	(in service)	(in service)	(in service)	(in service)	Susquehanna Roseland >= 500KV (monthly balances) CWIP	Susquehanna Roseland < 500KV (monthly balances) CWIP
Dec									
Jan									
Feb									
Mar									
Apr									
May									
Jun									
Jul									
Aug									
Sep									
Oct									
Nov									
Dec									
Total									
Average 13 Month Balance									
Average 13 Month in service									
Average 13 Month Average CWIP to Appendix A, line 49									

Actual Transmission Enhancement Charges							
	Branchburg (B0130)	Kiliany (B0134)	Essex, Aldene (B0145)	New Freedom Trans. (B0411)	New Freedom Loop (B0498)	Susquehanna Roseland (B0489) >= 500KV CWIP	Susquehanna Roseland (B0489) < 500KV CWIP
Total Projects							

Reconciliation amount by Project (without interest)							
	Branchburg (B0130)	Kiliany (B0134)	Essex, Aldene (B0145)	New Freedom Trans. (B0411)	New Freedom Loop (B0498)	Susquehanna Roseland (B0489) >= 500KV CWIP	Susquehanna Roseland (B0489) < 500KV CWIP
Total Projects							

Interest 0% 0% 0% 0% 0% 0% 0% 0%

Reconciliation amount by Project (with interest)							
	Branchburg (B0130)	Kiliany (B0134)	Essex, Aldene (B0145)	New Freedom Trans. (B0411)	New Freedom Loop (B0498)	Susquehanna Roseland (B0489) > 500KV CWIP	Susquehanna Roseland (B0489) < 500KV CWIP
Total Projects							

Public Service Electric and Gas Company
ATTACHMENT H-10A
Attachment 8 - Depreciation Rates

<u>Plant Type</u>	<u>PSE&G</u>
Transmission	2.40
Distribution	
High Voltage Distribution	2.49
Meters	2.49
Line Transformers	2.49
All Other Distribution	2.49
General & Common	
Structures and Improvements	1.40
Office Furniture	5.00
Office Equipment	25.00
Computer Equipment	14.29
Personal Computers	33.33
Store Equipment	14.29
Tools, Shop, Garage and Other Tangible Equipment	14.29
Laboratory Equipment	20.00
Communications Equipment	10.00
Miscellaneous Equipment	14.29